

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 10, 2010 (revised by BEA)

Bill No.: S. B. 1065 (subcommittee report, 01/27/10)

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Committee Requesting Impact: Senate B&I

Bill Summary

A bill to amend Section 37-3-501, as amended, of the 1976 Code, relating to the definition of supervised loan, to provide that certain closed-end credit transactions are not supervised loans; and to amend Section 37-3-503, relating to a license to make supervised loans, to provide that certain licensed deferred presentment providers may not conduct the business of making supervised loans, to provide penalties, and to provide necessary definitions. (*as amended in subcommittee*)

REVENUE IMPACT ^{1/}

This bill is expected to raise BFI earmarked funds by \$41,400 in FY 2009-10, and by \$12,375 in FY 2010-11. Conversely, it is expected to reduce AG earmarked funds by \$22,125 in FY 2010-11. The bill would have no impact on state General Fund revenue.

Explanation

The bill, as amended in subcommittee, further defines a "supervised loan" to provide that certain closed-end credit transactions are not supervised loans. It would not allow a supervised lender to also be licensed for deferred presentment lending to consumers in this State. The amendment also adds certain penalties for violation of licensing provisions for supervised loans.

Based on information provided by the Consumer Finance Division (CFD) of the Board of Financial Institutions (BOFI), we expect prohibiting deferred presentment licensees from transacting supervised loans to result in the shift of approximately 138 Deferred Presentment licensees to supervised lenders in FY 2009-10, which would generate \$41,400 in new fee proceeds earmarked to the CFD within the BOFI in current fiscal year. Going forward, rate differentials in applicable license application, investigation, examining and renewal fees (as apportioned) for those firms are expected to raise BOFI earmarked funds by a net amount of \$12,375 in FY 2010-11. Additionally, the Office of the Attorney General (AG) is allocated one-half of annual license renewal fees for deferred presentment licenses pursuant to Section 34-39-150(E). Because of the shift in license type, AG earmarked funds would be reduced by \$22,125 in FY 2010-11 (based on a total loss of \$44,250 in renewal fees). Since deferred presentment fees do not apply to the state's General Fund, the bill would not impact General Fund revenue.



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^{1/} This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).